

2005 Annual Report

City of

Novato

Date Received: March 29, 2006 ✓

CITY OF NOVATO

2004/2005 Annual Report on Housing

INTRODUCTION

The Government Code Section 65400(b)(2) requires local agencies to provide an Annual Report to the California Office of Planning and Research (OPR), and the California Department of Housing and Community Development (HCD) on the status of the City's General Plan housing activity. More specifically, the State requests a report describing the community's progress in meeting its fair share of regional housing needs, and efforts to maintain, improve and develop housing.

The following information constitutes the City of Novato's Annual Report for Fiscal Year 2004/2005. In compliance with State reporting criteria, this report provides: 1) a complete overview of housing activity ranging from development proposals received by the City that are pending entitlements to projects that have been constructed during the Fiscal Year, 2) a summary of actual housing construction activity (number of dwelling units) based upon building permits issued during the Fiscal Year, 3) an overview of current housing proposals under consideration and measures taken by the City during the 2004/2005 Fiscal Year that are aimed both at meeting the City's remaining fair share of regional housing needs, and measures to maintain, improve and develop housing, and 4) a discussion of progress in fulfilling key Programs of the current Housing Element identified by the State Department of Housing and Community Development is provided.

RESIDENTIAL HOUSING ACTIVITY

The following table (Table 1) provides a summary and status of all new residential projects, including projects that are: 1) pending development entitlement approval and/or, 2) approved for construction and/or, 3) constructed or under construction during Fiscal Year 2003/2004.

Table 1: Residential Housing Activity During Fiscal Year 2003/2004

Name	Number and Type of Units	Status
Atherton Ranch	91 Single-family Homes 23 Townhomes 40 Affordable Senior Apartments (for very-low income households)	Under Construction and Constructed
Reichert Subdivision	2 Single-family Homes	Under Construction
105 Truman Drive	1 Single-family Home	Under Construction
727 Cherry Street (Cherry Hill Apts.)	6 Single-family detached units	Approved for Construction

1690 Hill Road Parcel Map	2 Single-family Homes	Pending Development Entitlements
1438 Indian Valley	1 Single-family Home	Approved for Construction
611 McClay Road	1 Single-family Home	Approved for Construction
Olive Court Subdivision	9 Single-family Homes	Approved for Construction
12 Tara Lane	1 Single-family Homes	Under Construction
Hildebrand (Laguna Vista) Tentative Map	2 Single-family Homes	Pending Design Review Entitlements
23 Tara Lane	1 Single-family Home	Pending Design Review Entitlements
Sagewood Subdivision	3 Single-family Home	Pending development Entitlements
610 Davidson Street	2 Single-family Home	Pending Design Review Entitlements
Marion Heights Master Plan	12 Single-family Homes	Approved for Construction
Woodview Master Plan	20 Single-family Homes	Approved for Construction
756 Tamalpais Ave.	1 Accessory Dwelling Unit	Under Construction
Rafael Village (a.k.a. Point Marin) - Market Rate	344 Single-family Homes	Constructed and Under Construction
Meadow Park Townhomes Creekside/Bay Vista Apartments	351 Affordable Attached Single-family (176 for low income households; 175 for moderate income households), 297 Affordable Apartments (153 for very- low income households; 141 for low income households; 3 for moderate income households), and 60 Transitional Homes (all for very-low income households)	Constructed and Under Construction
Tamalpais Hill Subdivision	23 Single-family Homes	Under Construction
Rudnick Estates	24 Single-family Homes	Approved for Construction
2121 Vineyard Rd.	1 Single-family Home	Approved for Construction

Hamilton Meadows (Newport and Sunnycove)	235 Single-Family Homes	Constructed
San Pablo at Hamilton	19 Single-family Homes	Constructed
8 Nunes Dr.	1 Single-family Home	Approved for Construction
Renaissance Estates at Stonetree	52 Single-family Homes	Constructed and Under Construction
650 Trumble Ave.	1 Single-family Home 1 Accessory Dwelling Unit	Constructed
1407 Chase Ct.	1 Single-family Home	Under Construction
5 Badger Ct.	1 Single-family Home	Under Construction
Virginia Oaks	5 Single-family Homes	Constructed
Anderson-Rowe Ranch	68 Single-family Dwellings	Constructed and Under Construction
Goodrich Apartments	9 Senior Apartments (one affordable for a very-low income household)	Constructed
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Homeward Bound of Marin's Next Key Housing	32 Affordable Transitional Studio Units (for very-low income households)	Approved for Construction
835 Albatross Drive	1 Single Family Home	Under Construction
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1200 Cabro Ridge	1 Single Family Home	Approved for Construction

2130 Center Road	4 Single Family Homes	Pending Development Entitlements
700 Cherry Street	1 Single Family Home	Pending Development Entitlements
790 DeLong (Mixed Use/Whole Foods)	125 Condominiums (7 are for very low income households)	Pending Development Entitlements
1129 First Street	2 Apartments	Approved for Construction
870 Grant Avenue	3 Apartments	Approved for Construction
1625 Hill Road	34 Single Family Homes	Pending Development Entitlements
28 Nunes Drive	1 Single Family Home	Approved for Construction
2225 Oak Knoll Road	1 Single Family Home	Approved for Construction
End of Oleander Lane	4 Single Family Homes	Pending Development Entitlements
292 Olive Avenue	1 Single Family Home	Under Construction
Pine Avenue	2 Apartments	Approved for Construction
650 Tamalpais Avenue	1 Single Family Home	Pending Development Entitlements
764 Tamalpais Avenue	3 Single Family Homes	Approved for Construction
406 Ridge Road	1 Accessory Dwelling Units	Approved for Construction
Total Housing Activity: Units Approved for Construction, Under Construction, and Constructed	1,786 Units	
Total Units Pending Development Entitlements	253 Units	

CONSTRUCTION ACTIVITY

As discussed under Regional Fair Share Housing Needs below, the City has granted entitlements for in excess of the number of dwelling units needed to meet its total fair share needs determination for the planing period. However, the actual development of approved housing is more accurately tracked based on the number of units that have been constructed or are under construction pursuant to the type of residential building permits issued (single family, multi family or other). The following table, Table 2, provides a summary of the actual number of units constructed or that are under construction based on building permits issued for each fiscal year. During Fiscal Year 2004/2005, the Building Division reported

that building permits for 150 new residential dwelling units were issued (see Table 2 below).

Table 2: January 1999 - June 2005 Construction Activity

RESIDENTIAL BUILDING PERMITS ISSUED BY FISCAL YEAR						
1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	Total
565*	188	60	395	511	150	1,869

* Building Permits issued from January 1999 through June 2000

REGIONAL FAIR SHARE HOUSING NEEDS

In 1999, pursuant to Government Code Section 65584, the Association of Bay Area Governments (ABAG) prepared a *Regional Housing Needs Determination* for jurisdictions within the County of Marin. Based on ABAG projections, the City of Novato should provide 476 very-low income units, 242 low income units, 734 moderate income units, and 1,130 above moderate income units for a total of 2,582 dwelling units between the years 1999 and 2006. To date, since January 1999 through October 2004, the City of Novato has built and/or approved for construction 2,797 dwelling units, which represents an excess of 215 dwelling units built or approved in relation to the City's prescribed total fair share of regional housing for the planning period. The 2,797 units built or approved since January 1999, include: 290 very-low income units, 523 low income units, 496 moderate income units and 1,488 above moderate income units. Table 3, below, provides a summary of Novato's progress, to date, in meeting its fair share housing needs for the planning period.

Table 3: Novato's Progress in Meeting its Regional Fair Share Housing Needs by Income Category

	Very-Low Income	Low Income	Moderate Income	Above Moderate Income	Total
Regional Housing Need for 1/99-6/2006 (ABAG)	476	242	734	1,130	2,582
Housing Units Built or Approved since 1/99	290	523	496	1,488	2,797
Total Remaining Units Needed	186	-281	238	-358	-215

ADDRESSING OUR REMAINING FAIR-SHARE OF REGIONAL HOUSING AND ONGOING EFFORTS TO MAINTAIN, IMPROVE AND DEVELOP HOUSING

While the City of Novato has successfully provided for an excess of 215 total dwelling units within the planning period, there is a remaining need for 186 dwelling units that are formally reserved for very-low

income households. In keeping with applicable programs contained in the Housing Element of the General Plan, the following is a brief discussion of current housing proposals and measures taken by the City during the 2004/2005 Fiscal Year that are aimed at meeting the City's remaining fair share of very-low income housing, and maintaining, improving and developing housing. Applicable programs contained in the current Housing Element (HE) are listed following each discussion item:

- Mercy Senior Housing at Hamilton During the 2003/2004 fiscal year, the City entered into an exclusive right to negotiate with Mercy Housing to construct a 100% affordable senior housing apartment project on land planned for said use as a part of the Hamilton Field Master Plan. Subsequently, Mercy Housing applied for entitlement consideration of a 70 unit apartment project for very-low income seniors. In an effort to address public concerns with Mercy Housing's proposal, including site design, project scale and the number of units, the City is currently investigating options, including additional and/or alternative site(s). To date, the City has contributed approximately \$80,000 towards planning and design for the project.

Applicable HE Programs: 6.C, 6.D, 6.E, 13.B

- Signature Properties/Whole Foods Mixed Use: The City received an application from Signature Properties and Robert Lalanne to rezone approximately 2.85 acres at 790 DeLong Avenue to Planned District (PD) to allow for a mixed use, multi-family residential and retail project that includes 125 condominium homes. Seven (7) of the condominium homes will be available exclusively for very-low income households. In December of 2005, the City Council approved a rezoning of the subject 2.85 acres to PD to accommodate the mixed use, multi-family residential and retail project. While the final details of the architecture remain to be formally approved by the City's Design Review Committee, the City Council, through its approval of the PD, is permitting exceptions to the City's height limits, parking and setback standards to accommodate the combined housing and retail uses.

Applicable HE Programs: 6.D, 7.A, 8.C

- Homeward Bound of Marin's Next Key Housing: In January 2004, Homeward Bound of Marin submitted a project proposal called Next Key, which is a combined training center and 32 very-low income, transitional studio apartments located on 1.84 acres. As proposed, Next Key will be located adjacent to the existing New Beginnings Center; an 80 bed adult homeless shelter off of Hamilton Parkway. In July of 2005 the City Council approved necessary zoning amendments to the Hamilton Reuse Plan/Master Plan and a Planned District (PD) to allow for the proposed Next Key project. Lastly, the project is located on land owned by the Novato Public Finance Authority (NPFA) on behalf of the City. As a condition of the entitlements to construct the project, the City via the NPFA, will be considering a Ground Lease to convey approximately 1.84 acres of land to Homeward Bound of Marin to support the project.

Applicable HO Programs 6.D, 3.A, 3.B, 6.J, 12.B,

- Wyndover Apartments (a.k.a. Westside Terraces): Through its local agency approval of a tax-exempt bond application for low income tax credit, the City strongly endorsed the purchase of the 136 unit Westside Terraces apartment complex by Fairfield Affordable Housing LLC.

Subsequently, Fairfield Affordable Housing LLC was able to purchase the apartments inclusive of tax credit financing. Thus, pursuant to the new owner's use of State tax credit financing, 26 of the existing units are now formally reserved for very-low income households and 110 units are now formally reserved for low income households. Further, under new ownership, the existing apartment complex is undergoing a number of physical/architectural upgrades.

Applicable HO Policy 4.4 and Programs: 12.A, 13.C

- Affordable Housing Ordinance: The City adopted a City-wide Affordable Housing Ordinance in 2000, which is applicable to housing developments proposed throughout the City. The Ordinance includes provisions for an in-lieu affordable housing fee that is applicable to all new housing units created City-wide that do not include on or off-site affordable housing. In December of 2003, the City adopted an increase to the in-lieu affordable housing fee from \$3,580 to \$10,880 (over a 300% fee increase). The amended fee was established with an annual adjustment, which is set in March pursuant to the Consumer Price Index. The In-lieu Affordable Housing fee is annually adjusted for inflation and is currently \$11,418.

Following adoption of the City's first Affordable Housing Ordinance in 1999, the value in making changes to its provisions to improve its overall effectiveness have been recognized by staff and elected and appointed City officials. The City has hired a consultant, Keyser Marston and Associates, who is currently working with staff in developing appropriate amendments to the Affordable Housing Ordinance. Based upon a tentative hearing schedule, the City Council may consider the adoption of a new or revised Affordable Housing Ordinance in 2006.

Applicable HE Programs: 9.A, 13A

- Complete Commercial/Housing Nexus Study and Linkage Fee Program: In December of 2003, the City conducted a nexus study to determine appropriate and possible contributions for affordable housing from non-residential uses. Following an anticipated update to the City's Affordable Housing Ordinance applicable to new residential development as discussed above, the City anticipates pursuing planning efforts to complete work necessary for the City to consider adopting a jobs/housing linkage fee program.

Applicable HE Programs: 5.A, 5.B

- Capehart/Hillside Housing (a.k.a. Meadowpark Townhomes and Bay Vista Apartments) at Hamilton: Working with the project developer, Novato Community Partners, the City continues to monitor and implement the affordable housing obligations for this development, which includes 708 affordable dwelling units comprised of 351 affordable townhomes, 297 affordable apartments and 60 affordable transitional housing units.

Applicable HE Programs: 11.A, 11.C, 12.B

KEY PROGRAMS OF THE CURRENT HOUSING ELEMENT

The following section is a discussion of the City's progress in fulfilling key Programs of the current

Housing Element (Programs 6.B, 6.D and 8.C). The City's actions to implement these programs are discussed below along with several other programs in which local interest has been shown:

Program 6.B, Modify Multi-family Zoning Standards. This program calls for specific amendments to the General Plan and Zoning Code:

- Establish minimum densities for residential development. Response: The General Plan (*via text and map*) places a minimum density on each residential designation. In addition to maximum densities assigned to each residential land use designation, the General Plan, via Allowable Density Range, also establishes a minimum number of dwelling units per gross acre of land. Minimum and maximum density ranges pursuant to Novato's residential land use designations are as follows:

Rural Residential	Up to 0.49 dq/ac;
Very Low Density Residential	0.5 to 1.0 du/ac;
Low Density Residential	1.1 to 5.0 du/ac
Medium Density Detached Residential	4.1 to 7.0 du/ac
Medium Density Residential	5.1 to 10.0 du/ac
Medium Density Multi-Family Residential	10.1 to 20.0 du/ac
High Density Multi-Family Residential	20.1 to 30.0 du/ac

- Ensure phased development does not preclude subsequent phases from being constructed at least minimum density. Response: This is a policy that staff implements in working with developers. For phased housing developments, the density is established at the beginning of the development process, typically in the form of a Master Plan. The ability to meet projected development density established through the Master Plan is maintained with the approval of subsequent phases. For example, the Hamilton Army airfield Reuse/Master Plan, now nearing completion, included provisions for the creation of 1,171 homes. Over the past 5+ years, the total unit count has been achieved via three Precise Development Plans and six (6) corresponding final maps.
- Support well designed projects at mid to high end of General Plan density range. Response: Based largely on its design merits, the City Council unanimously approved a mixed use project including 125 condominium homes and 52,000 sq.ft. of retail space on 2.85 acres in the vicinity of 790 DeLong Avenue. The City applied an increased Floor Area Ratio from 1.2 to 2.0 to accommodate the number of condominium homes proposed, which equates to a residential density of 44 units per acre; said density is in addition to 52,000 sq.ft of retail space. Provided design expectations can be met, staff continues to encourage higher density mixed use, residential projects within Novato's Downtown.
- Allow multi-family development as a permitted rather than a conditional use. Response: Pursuant to a comprehensive update to the Novato Zoning Ordinance, adopted by the City Council in April 2001, Multi-family development is now a permitted use in Multi-family zones citywide.
- Use FAR increases to provide higher density in the Downtown. Response: Commercial

development in the Downtown is allowed a 1.2 Far. However, development that includes a residential component (units) is allowed a 2.0 FAR; a 66% density increase.

- Encourage Planned Development zones to allow flexibility in development standards. Response: Novato has a very high number of Planned Development zones throughout the city, many of which are for residential development; Atherton Ranch and all of Hamilton are major examples. These projects allowed flexibility in development standards.
- Allow density to be calculated on a net acre basis. Response: The genesis of this program point was the result of Novato's participation in the Housing Element Workbook for all Cities and the County of Marin. However, after reviewing existing Policy language of Novato's 1996 General Plan, LU Policy 1A of the Land Use Chapter, Novato calculates residential density on a gross acre basis. Using a gross acre calculation actually benefits potential site unit yield over that of a net acre calculation given that areas such as street rights-of-way, designated open space etc. are applied when calculating potential post development density.
- Allow height exceptions in some areas for multi-family projects when linked to good design. Response: Within the Downtown Overlay district, building height may be increased by 30% where it is determined that exceptional building design quality is proposed and/or housing is included within a mixed use project.

Program 6.D, Evaluate Additional Residential and Non-residential Sites for Multi-family Housing, and Program 8. C, Facilitate Development at Key Housing Opportunity Sites. The City has approved or is currently evaluating three development projects that specifically implement these programs: 1) Homeward Bound's Next Key project, as approved in July of 2005, with a zoning amendment to accommodate housing, will add 32 very-low income units within the Hamilton Reuse Planning Area, 2) the Hamilton Senior Housing Project is proposed to provide 70 very low income housing units, significantly exceeding the 25 called for in the Hamilton Master Plan, and 3) the Signature Properties/Whole Foods Mixed Use project, as approved, includes 125 multi-family/condominium homes within Novato's Downtown; seven of which will be affordable to very-low income households. If constructed, these projects would add 227 additional housing units, including 84 additional very-low income units, and demonstrate the City's ongoing commitment to fulfilling its remaining fair share housing needs.

Program 5.B, Adopt a Jobs/Housing Linkage Fee, and Program 9.A, Revise the City's Inclusionary Ordinance. Pursuant to community input, these programs have been identified locally as important tools for creating affordable units and/or the collecting of in-lieu fees to support their construction. Implementation of these programs was put on hold pending the hiring of a Housing Coordinator to direct their implementation. The City was not successful in finding a qualified candidate and has subsequently hired a consultant, Keyser Marston and Associates, who is currently working with staff in developing appropriate amendments to the Affordable Housing Ordinance. As previously discussed, following an anticipated update to the City's Affordable Housing Ordinance applicable to new residential development, staff anticipates pursuing planning efforts to complete work necessary for the City to consider adopting a jobs/housing linkage fee program.

REPORTING CONCLUSION

As reflected in the volume of residential units for which building permits have been issued within the last Fiscal Year (150 units), the number of currently active housing projects (2,039 units), and its progress, to date, in granting development entitlements, Novato has made considerable progress towards meeting its fair share housing need for the planning period. Additionally, through recently completed and active Zoning amendments applicable to affordable housing, and its current roll in the evaluation and support of several housing proposals, the City remains actively committed in its efforts to maintain, improve, and develop housing, including its remaining fair share of housing for very-low income households.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**Division of Housing Policy Development**

1800 Third Street, Suite 430
P. O. Box 952053
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(916) 323-3177
FAX (916) 327-2643



November 18, 2005

Mr. Dan Keen, City Manager
City of Novato
75 Rowland Way, #200
Novato, CA 94945

RE: City of Novato's Housing Element Conditional Compliance Status

Dear Mr. Keen:

As you know the Department's July 3, 2003 review found Novato's adopted housing element in compliance with State housing element law; conditioned on the City implementing Programs 6B to modify multifamily zoning standards, 6D to evaluate additional sites for multifamily housing, and 8C to facilitate development at key housing opportunity sites, by the dates specified in the element.

According to the City's 2003/2004 Annual Progress Report (APR) submitted to the Department, along with additional information in March 2005, prepared by Mr. Hans Grunt, Senior Planner, the requisite implementation efforts have been completed (and are ongoing). Therefore, Novato has satisfied the requirements of conditional compliance. The City's housing element remains in full compliance with State housing element law (Article 10.6 of Government Code).

The Department commends the City's leadership for understanding the importance of implementing housing development and assistance strategies and taking proactive steps to comply with the statutory requirements of State housing element law. Also, the City was commended for its role in assisting with the development of affordable housing projects described on page 9 of the 2003/2004 APR update (i.e., Hamilton Senior Housing – 70 very low-income units, Homeward Bound project adding 32 very low-income units, as well as the Redwood and Olive projects which includes 23 very low-income units). These projects, when constructed would add 125 total additional very low-income units, far exceeding projections currently in the element.

Mr. Dan Keen, City Manager

Page 2

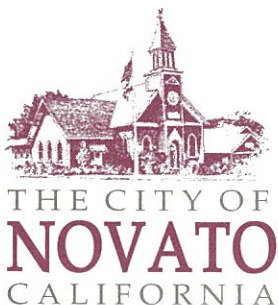
The Department looks forward to continuing to follow Novato's progress in implementing its housing element through the annual general plan progress report (Government Code Section 65400) and is committed to maintaining a partnership with the City, throughout the planning period and beyond.

The opportunity to assist the City in its continuing implementation of housing and land-use strategies would be welcome. For example, the Department administers a wide range of housing and community development funding programs that may be of assistance to Novato. If you would like additional assistance, please contact Mardy Murphy, of our staff, at (916) 445-5888.

Sincerely,

Cathy E. Creswell
Deputy Director

cc: Hans Grunt, Senior Planner, City of Novato
Harry Graves, Community Development Director, City of Novato
David Wallace, Planning Manager, City of Novato



HOUSING POLICY
DEVELOPMENT, HCD

MAR 29 2006

March 27, 2006

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Mayor
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Mayor Pro Tem
Jeanne MacLeamy
Councilmembers
Judy Arnold
Pat Eklund
Jim Leland

City Manager
Daniel E. Keen

Ms. Cathy E. Creswell, Deputy Director
Department of Housing and Community Development
Division of Housing Policy Development
1800 Third Street, Suite 430
Sacramento, CA 94252-2053

RE: City of Novato 2004/2005 Annual Report on Housing

Dear Ms. Creswell:

Pursuant to Government Code Section 65400(b)(2), enclosed, please find a copy of the City of Novato's 2004/2005 Annual Report on Housing. In preparation of the attached Report, we have been working with Ms. Margaret Murphy, Policy Analyst, of your Department.

If you have any questions regarding the content of Novato's 2004/2005 Annual Report on Housing, please don't hesitate to call me at (415) 899-8940. My email address is: hgrunt@ci.novato.ca.us.

Sincerely,

Hans D. Grunt
Senior Planner

Enclosure: City of Novato's 2004/2005 Annual Report on Housing

cc: Office of Planning and Research, P.O. Box 3044, Sacramento, CA 95812
David Wallace, Community Development Director

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* Building Permits issued from January 1999 through June 2000

REGIONAL FAIR SHARE HOUSING NEEDS

In 1999, pursuant to Government Code Section 65584, the Association of Bay Area Governments (ABAG) prepared a *Regional Housing Needs Determination* for jurisdictions within the County of Marin. Based on ABAG projections, the City of Novato should provide 476 very-low income units, 242 low income units, 734 moderate income units, and 1,130 above moderate income units for a total of 2,582 dwelling units between the years 1999 and 2006. To date, since January 1999 through October 2004, the City of Novato has built and/or approved for construction 2,797 dwelling units, which represents an excess of 215 dwelling units built or approved in relation to the City's prescribed total fair share of regional housing for the planning period. The 2,797 units built or approved since January 1999, include: 290 very-low income units, 523 low income units, 496 moderate income units and 1,488 above moderate income units. Table 3, below, provides a summary of Novato's progress, to date, in meeting its fair share housing needs for the planning period.

Table 3: Novato's Progress in Meeting its Regional Fair Share Housing Needs by Income Category

	Very-Low Income	Low Income	Moderate Income	Above Moderate Income	Total
Regional Housing Need for 1/99-6/2006 (ABAG)	476	242	734	1,130	2,582
Housing Units Built or Approved since 1/99	290	523	496	1,488	2,797
Total Remaining Units Needed	186	-281	238	-358	-215

ADDRESSING OUR REMAINING FAIR-SHARE OF REGIONAL HOUSING AND ONGOING EFFORTS TO MAINTAIN, IMPROVE AND DEVELOP HOUSING

While the City of Novato has successfully provided for an excess of 215 total dwelling units within the planning period, there is a remaining need for 186 dwelling units that are formally reserved for very-low

income households. In keeping with applicable programs contained in the Housing Element of the General Plan, the following is a brief discussion of current housing proposals and measures taken by the City during the 2004/2005 Fiscal Year that are aimed at meeting the City's remaining fair share of very-low income housing, and maintaining, improving and developing housing. Applicable programs contained in the current Housing Element (HE) are listed following each discussion item:

- Mercy Senior Housing at Hamilton During the 2003/2004 fiscal year, the City entered into an exclusive right to negotiate with Mercy Housing to construct a 100% affordable senior housing apartment project on land planned for said use as a part of the Hamilton Field Master Plan. Subsequently, Mercy Housing applied for entitlement consideration of a 70 unit apartment project for very-low income seniors. In an effort to address public concerns with Mercy Housing's proposal, including site design, project scale and the number of units, the City is currently investigating options, including additional and/or alternative site(s). To date, the City has contributed approximately \$80,000 towards planning and design for the project.

Applicable HE Programs: 6.C, 6.D, 6.E, 13.B

- Signature Properties/Whole Foods Mixed Use: The City received an application from Signature Properties and Robert Lalanne to rezone approximately 2.85 acres at 790 DeLong Avenue to Planned District (PD) to allow for a mixed use, multi-family residential and retail project that includes 125 condominium homes. Seven (7) of the condominium homes will be available exclusively for very-low income households. In December of 2005, the City Council approved a rezoning of the subject 2.85 acres to PD to accommodate the mixed use, multi-family residential and retail project. While the final details of the architecture remain to be formally approved by the City's Design Review Committee, the City Council, through its approval of the PD, is permitting exceptions to the City's height limits, parking and setback standards to accommodate the combined housing and retail uses.

Applicable HE Programs: 6.D, 7.A, 8.C

- Homeward Bound of Marin's Next Key Housing: In January 2004, Homeward Bound of Marin submitted a project proposal called Next Key, which is a combined training center and 32 very-low income, transitional studio apartments located on 1.84 acres. As proposed, Next Key will be located adjacent to the existing New Beginnings Center; an 80 bed adult homeless shelter off of Hamilton Parkway. In July of 2005 the City Council approved necessary zoning amendments to the Hamilton Reuse Plan/Master Plan and a Planned District (PD) to allow for the proposed Next Key project. Lastly, the project is located on land owned by the Novato Public Finance Authority (NPFA) on behalf of the City. As a condition of the entitlements to construct the project, the City via the NPFA, will be considering a Ground Lease to convey approximately 1.84 acres of land to Homeward Bound of Marin to support the project.

Applicable HO Programs 6.D, 3.A, 3.B, 6.J, 12.B,

- Wyndover Apartments (a.k.a. Westside Terraces): Through its local agency approval of a tax-exempt bond application for low income tax credit, the City strongly endorsed the purchase of the 136 unit Westside Terraces apartment complex by Fairfield Affordable Housing LLC.

Subsequently, Fairfield Affordable Housing LLC was able to purchase the apartments inclusive of tax credit financing. Thus, pursuant to the new owner's use of State tax credit financing, 26 of the existing units are now formally reserved for very-low income households and 110 units are now formally reserved for low income households. Further, under new ownership, the existing apartment complex is undergoing a number of physical/architectural upgrades.

Applicable HO Policy 4.4 and Programs: 12.A, 13.C

- Affordable Housing Ordinance: The City adopted a City-wide Affordable Housing Ordinance in 2000, which is applicable to housing developments proposed throughout the City. The Ordinance includes provisions for an in-lieu affordable housing fee that is applicable to all new housing units created City-wide that do not include on or off-site affordable housing. In December of 2003, the City adopted an increase to the in-lieu affordable housing fee from \$3,580 to \$10,880 (over a 300% fee increase). The amended fee was established with an annual adjustment, which is set in March pursuant to the Consumer Price Index. The In-lieu Affordable Housing fee is annually adjusted for inflation and is currently \$11,418.

Following adoption of the City's first Affordable Housing Ordinance in 1999, the value in making changes to its provisions to improve its overall effectiveness have been recognized by staff and elected and appointed City officials. The City has hired a consultant, Keyser Marston and Associates, who is currently working with staff in developing appropriate amendments to the Affordable Housing Ordinance. Based upon a tentative hearing schedule, the City Council may consider the adoption of a new or revised Affordable Housing Ordinance in 2006.

Applicable HE Programs: 9.A, 13A

- Complete Commercial/Housing Nexus Study and Linkage Fee Program: In December of 2003, the City conducted a nexus study to determine appropriate and possible contributions for affordable housing from non-residential uses. Following an anticipated update to the City's Affordable Housing Ordinance applicable to new residential development as discussed above, the City anticipates pursuing planning efforts to complete work necessary for the City to consider adopting a jobs/housing linkage fee program.

Applicable HE Programs: 5.A, 5.B

- Capehart/Hillside Housing (a.k.a. Meadowpark Townhomes and Bay Vista Apartments) at Hamilton: Working with the project developer, Novato Community Partners, the City continues to monitor and implement the affordable housing obligations for this development, which includes 708 affordable dwelling units comprised of 351 affordable townhomes, 297 affordable apartments and 60 affordable transitional housing units.

Applicable HE Programs: 11.A, 11.C, 12.B

KEY PROGRAMS OF THE CURRENT HOUSING ELEMENT

The following section is a discussion of the City's progress in fulfilling key Programs of the current

Housing Element (Programs 6.B, 6.D and 8.C). The City's actions to implement these programs are discussed below along with several other programs in which local interest has been shown:

Program 6.B. Modify Multi-family Zoning Standards. This program calls for specific amendments to the General Plan and Zoning Code:

- Establish minimum densities for residential development. Response: The General Plan (*via text and map*) places a minimum density on each residential designation. In addition to maximum densities assigned to each residential land use designation, the General Plan, via Allowable Density Range, also establishes a minimum number of dwelling units per gross acre of land. Minimum and maximum density ranges pursuant to Novato's residential land use designations are as follows:

Rural Residential	Up to 0.49 dq/ac;
Very Low Density Residential	0.5 to 1.0 du/ac;
Low Density Residential	1.1 to 5.0 du/ac
Medium Density Detached Residential	4.1 to 7.0 du/ac
Medium Density Residential	5.1 to 10.0 du/ac
Medium Density Multi-Family Residential	10.1 to 20.0 du/ac
High Density Multi-Family Residential	20.1 to 30.0 du/ac
- Ensure phased development does not preclude subsequent phases from being constructed at least minimum density. Response: This is a policy that staff implements in working with developers. For phased housing developments, the density is established at the beginning of the development process, typically in the form of a Master Plan. The ability to meet projected development density established through the Master Plan is maintained with the approval of subsequent phases. For example, the Hamilton Army airfield Reuse/Master Plan, now nearing completion, included provisions for the creation of 1,171 homes. Over the past 5+ years, the total unit count has been achieved via three Precise Development Plans and six (6) corresponding final maps.
- Support well designed projects at mid to high end of General Plan density range. Response: Based largely on its design merits, the City Council unanimously approved a mixed use project including 125 condominium homes and 52,000 sq.ft. of retail space on 2.85 acres in the vicinity of 790 DeLong Avenue. The City applied an increased Floor Area Ratio from 1.2 to 2.0 to accommodate the number of condominium homes proposed, which equates to a residential density of 44 units per acre; said density is in addition to 52,000 sq.ft of retail space. Provided design expectations can be met, staff continues to encouraged higher density mixed use, residential projects within Novato's Downtown.
- Allow multi-family development as a permitted rather than a conditional use. Response: Pursuant to a comprehensive update to the Novato Zoning Ordinance, adopted by the City Council in April 2001, Multi-family development is now a permitted use in Multi-family zones citywide.
- Use FAR increases to provide higher density in the Downtown. Response: Commercial

development in the Downtown is allowed a 1.2 Far. However, development that includes a residential component (units) is allowed a 2.0 FAR; a 66% density increase.

- Encourage Planned Development zones to allow flexibility in development standards. Response: Novato has a very high number of Planned Development zones throughout the city, many of which are for residential development; Atherton Ranch and all of Hamilton are major examples. These projects allowed flexibility in development standards.
- Allow density to be calculated on a net acre basis. Response: The genesis of this program point was the result of Novato's participation in the Housing Element Workbook for all Cities and the County of Marin. However, after reviewing existing Policy language of Novato's 1996 General Plan, LU Policy 1A of the Land Use Chapter, Novato calculates residential density on a gross acre basis. Using a gross acre calculation actually benefits potential site unit yield over that of a net acre calculation given that areas such as street rights-of-way, designated open space etc. are applied when calculating potential post development density.
- Allow height exceptions in some areas for multi-family projects when linked to good design. Response: Within the Downtown Overlay district, building height may be increased by 30% where it is determined that exceptional building design quality is proposed and/or housing is included within a mixed use project.

Program 6.D. Evaluate Additional Residential and Non-residential Sites for Multi-family Housing, and Program 8. C. Facilitate Development at Key Housing Opportunity Sites. The City has approved or is currently evaluating three development projects that specifically implement these programs: 1) Homeward Bound's Next Key project, as approved in July of 2005, with a zoning amendment to accommodate housing, will add 32 very-low income units within the Hamilton Reuse Planning Area, 2) the Hamilton Senior Housing Project is proposed to provide 70 very low income housing units, significantly exceeding the 25 called for in the Hamilton Master Plan, and 3) the Signature Properties/Whole Foods Mixed Use project, as approved, includes 125 multi-family/condominium homes within Novato's Downtown; seven of which will be affordable to very-low income households. If constructed, these projects would add 227 additional housing units, including 84 additional very-low income units, and demonstrate the City's ongoing commitment to fulfilling its remaining fair share housing needs.

Program 5.B. Adopt a Jobs/Housing Linkage Fee, and Program 9.A. Revise the City's Inclusionary Ordinance. Pursuant to community input, these programs have been identified locally as important tools for creating affordable units and/or the collecting of in-lieu fees to support their construction. Implementation of these programs was put on hold pending the hiring of a Housing Coordinator to direct their implementation. The City was not successful in finding a qualified candidate and has subsequently hired a consultant, Keyser Marston and Associates, who is currently working with staff in developing appropriate amendments to the Affordable Housing Ordinance. As previously discussed, following an anticipated update to the City's Affordable Housing Ordinance applicable to new residential development, staff anticipates pursuing planning efforts to complete work necessary for the City to consider adopting a jobs/housing linkage fee program.

REPORTING CONCLUSION

As reflected in the volume of residential units for which building permits have been issued within the last Fiscal Year (150 units), the number of currently active housing projects (2,039 units), and its progress, to date, in granting development entitlements, Novato has made considerable progress towards meeting its fair share housing need for the planning period. Additionally, through recently completed and active Zoning amendments applicable to affordable housing, and its current roll in the evaluation and support of several housing proposals, the City remains actively committed in its efforts to maintain, improve, and develop housing, including its remaining fair share of housing for very-low income households.